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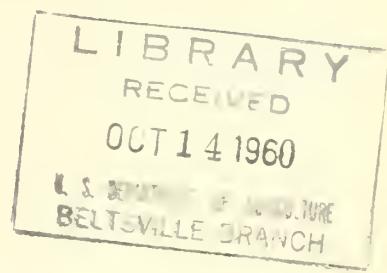
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FOREIGN AGRICULTURE

October 1960



U.S. Food Distribution, Saigon

How Hungry Is the World?

Food-for-Peace Through 45 Years

U.S. Farm Exports Set Volume Record

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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Contents

A Generous World

Our second article in this issue is a gratifying one. It tells how food from U. S. farms has been going abroad for the last 45 years to help rehabilitate stricken areas and to feed the needy. And it defines the current Food-for-Peace program which calls for a sharing of food resources by the "have" nations with the "have not" nations.

In this sharing the U.S. is playing a leading role, but it would be a great injustice if we failed to mention that other Free World nations also extend vital food aid to foreign people in distress. Their contributions flow through many channels. Some are made through churches, charitable societies, or international relief organizations. Some are made government-to-government. A large amount of aid moves through the United Nations.

Not all the food aid given is visible in the form of big programs. Many countries have opened their doors to refugees, the local population oftentimes making great sacrifices to help out. Small countries in the Near East have received refugees far beyond the number to which they could give adequate assistance. West Germany, Austria, and to a lesser extent other countries have had a large influx from the Communist-dominated countries. Hong Kong has taken in and absorbed some 700,000 Chinese, and between 12,000 and 18,000 Tibetans are now being cared for by the people of northern India.

Generosity on such a scale is unprecedented in the world's history, and there can be no doubt about its effectiveness. Mankind has not known a great famine since 1943, and even the minor ones have been few in number.

Cover Photograph

Needy families in Saigon, Vietnam, receive U.S. rice, cottonseed oil, nonfat dry milk, and flour. In the past 6 years nearly \$1.4 billion of U.S. foods have been donated for relief distribution abroad.

- 3 How Hungry Is the World?
- 4 Food-for-Peace Through 45 Years
- 6 Freedom-from-Hunger
- 8 U.S. Farm Export Volume Reaches Record High in Fiscal 1960
- 10 South Africa and the Common Market
- 12 Extension Team in Latin America
- 13 Are Soviet Water Resources Being Used To the Best Advantage?
- 15 Hides and Skins
- 17 Using Surplus Farm Commodities To Foster Economic Development
- 19 World Farm Youth Share Work and Family Life in IFYE Program
- 21 Uruguay's New Livestock Program Promises Future Economic Gains
- 23 Trading Post

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How Hungry is the World?

Famine struck the Indian Province of Bengal in 1943 and over a million people starved to death. That same year, in China's Honan Province, the starvation death toll was said to have reached "many millions." Those were the last of the great famines—and their severity was probably heightened by the dislocations of war. Thanks to national and international progress in food production and distribution, famine today is not a major problem in any country of the world. There have been few reports of even isolated pockets of famine in recent years.

But there is still much hunger. Probably more than a third of the world's people have too little to eat. Hundreds of millions subsist on diets short of energy value as well as other essential nutrients. This undernutrition, centered largely in the heavily populated, underdeveloped countries, is a potential source of political unrest and instability.

Food Consumption

Diets are poorest in the Far East (including Mainland China), an area having over half of the world's population. Few countries of the area have a daily average per capita calorie consumption equal to the 2,250-2,350 range estimated by the Food and Agriculture Organization as adequate for a large part of the Far East. In India, for example, the national average is probably around 2,000 calories, which means, of course, that many people are getting even less than this. Consumption of livestock products is small in the Far East; grains furnish most of the calories in the diet.

People in Western Asia, Africa, and Latin America eat more on the average than those in the Far East. Per capita food consumption in terms of calories may average as much as 2,400 or 2,500 daily in each region—which is close to FAO's estimated requirements—but average consumption in some individual countries falls considerably below the FAO level. In most countries the diet consists largely of grain, or starchy roots and tubers, or both.

In other regions of the world people are relatively well-fed. The energy value of the food supply averages more than 2,800 calories per person per day, and in no country less than 2,400. There are substantial differences in diets, however. In Eastern Europe and the Soviet Union, grains and tubers furnish the bulk of the calories. In Western Europe, Canada, the United States, Australia, and New Zealand, relatively large quantities of meat, eggs, milk, and fats are consumed.

Why Consumption Varies

What accounts for differences in levels of food consumption as between countries?

Several factors are involved. Among these, food pro-

duction within the country, size of population, and the ability to pay for imported supplies are the most important. The interplay of these factors is well illustrated by the respective food situations of the United States, Britain, and India.

The United States is fortunate. Richly endowed with natural resources, lightly populated, and technologically advanced, it has a high per capita output of both agricultural and industrial products. Able to export large quantities of both, including the foods and beverages that, while not essential to good diets, make for a high standard of living. It thus provides a major market for these "extras," among them coffee, tea, cocoa, bananas, and spices.

Densely populated Britain has a low per capita output of food. But like the United States, the country is highly industrialized and technologically advanced. It produces enough food and things that can be traded for food to maintain living standards at high levels.

India is still a predominantly agricultural country, with little land or capital available per person. Progress has been made in developing agriculture and especially industry during the past decade, and gross national product per capita is showing a moderate increase. Yet output of goods and services is still insufficient to permit much more than subsistence levels of living for the great mass of the population. The same is true in many other underdeveloped areas of the world.

Economic Development

It is a basic fact that energetic, hard-working people require more food than do people less busily occupied. Thus, countries that are moving ahead with economic development—building new factories, roads, power plants, irrigation works—find that their working people require greater energy input per person than they did before such activity was undertaken. In other words, food is needed not only to alleviate hunger but as a factor in economic development, ranking with the more obvious components such as power, raw materials, machinery, and technology.

An insufficient food supply has handicapped economic development in most of the countries of the Far East, West Asia, Africa, and Latin America. Yet much is being done to help change this situation. The United States, through its Food-for-Peace program, is making large amounts of energy-producing foods available to friendly underdeveloped countries. And this past summer, the Food and Agriculture Organization of the United Nations launched a 5-year Freedom-from-Hunger campaign aimed at helping to overcome both food shortage and rural poverty.

Right, in 1958 when draught and civil disturbances reduced Lebanon's wheat crop, P.L. 480 shipments from the U.S. relieved the situation.



Large amounts of U.S. food go abroad as donations. Left, young Arab girl smiles as she clutches a can of beef and gravy.

Food-for-Peace Through 45 Years

In January 1959, the President said in a message to Congress: "I am setting steps in motion to explore anew with other surplus-producing nations all practical means of utilizing the various agricultural surpluses of each in the interest of reinforcing peace and the well-being of friendly peoples throughout the world—in short, food for peace."

Thus the current Food-for-Peace program started. In practice, it calls for broad sharing of food resources by the "have" nations with the "have not" nations. And its purpose is both utilitarian and humanitarian, in that it provides outlets for the agricultural abundance of exporting nations and, at the same time, strengthens the economic development of the recipient countries. In other words, the term Food-for-Peace represents the concept that only with an adequate food supply can the world's people make the progress that helps assure peace.

Food and peace have been closely linked in the minds of Americans for many years. After both World Wars, supplies from U.S. farms helped rehabilitate stricken areas. Also, it has

long been a precept of U.S. foreign policy that as long as this country had the food to share, the peoples of the world should not starve.

World War I Period. The first major food relief effort of the United States got under way in 1914 following the German invasion of Belgium and northern France. This industrialized area, largely dependent on shipped-in food, not only was cut off from usual sources of supply but also suffered confiscation of its food reserves and crops by the occupying forces. Ten million people faced starvation. Their lives were saved when American food was brought in and distributed through the Commission for Relief in Belgium, which was directed by Herbert Hoover.

After the United States entered the war in 1917, the food program was expanded to include the United Kingdom and Italy. In the United States, the Food Administration was set up to encourage food conservation, direct food distribution, and, with the Department of Agriculture, stimulate increased food production. Although food supplies had to be stretched thin

at times, basic requirements of armed forces and civilians, both at home and abroad, were largely met.

The U.S. food job did not end with the Armistice in 1918. Some 200 million people in the newly liberated nations and the erstwhile enemy countries were on the verge of starvation. New organizations were set up in Europe to bring in American food to meet this crisis. The 1919 harvest in Europe eventually eased the situation, and efforts were directed toward the relief of some 10 million undernourished children, many of them orphans, in Central and Eastern Europe.

Before the children's program was completed, however, famine struck in Russia. That was in 1921. Throughout 1922 and into 1923 American food and medical supplies were poured into Russia. The lives of millions of Russians were saved through this program.

In all, the World War I food relief program covered a period of almost 10 years—from November 1914 through July 1923. Close to 34 million metric tons of U.S. food and other relief supplies costing over \$5.2 billion were delivered to 23 countries

through organizations headed by Herbert Hoover; and in addition, hundreds of millions of relief dollars were spent by other national groups.

World War II Period. In March 1941, following passage of the Lend Lease Act, the United States began to procure large quantities of food and other agricultural commodities for the British Government. That was the beginning of the World War II agricultural supply program—America's second great emergency food operation. After the United States entered the conflict in December 1941, food procurement operations were greatly expanded, not only to meet needs of U.S. armed forces but also to help fill requirements of wartime allies, including the Soviet Union. In 1945 procurement reached the high total of \$2.6 billion, or an average of more than \$7 million per day.

World War II and postwar food procurement-and-export programs fell into four categories:

First, there was purchasing for U.S. allies. A big part of this was done under an expanded Lend Lease Program, but there was also considerable procurement for friendly cash-paying foreign governments that looked to the United States as the only source of supply.

Second, there were U.S.-administered foreign relief programs. The largest of these encompassed feeding operations of the U.S. Army in occupied areas of Europe and Asia. Also of substantial proportions was the European Recovery Program (the "Marshall Plan"). A number of smaller programs, such as Greek-Turkish Aid, Chinese Aid, and Korean Aid, were important in the areas affected.

Third, there were programs under which food was turned over to international agencies. The major program in this category comprised operations of UNRRA (United Nations Relief and Rehabilitation Administration). Food also was transferred to other organizations affiliated with the U.N. and to the American Red Cross.

Fourth, overseas distribution of U.S. surplus foods expanded to tremendous proportions through added programs conducted by 26 U.S. volun-

(Continued on page 22)



America's greatest emergency food operations occurred during the two World Wars. Above, in World War I milk and bread are prepared for Belgian mothers and children. Right, first Lend Lease food shipment in second World War reaches Landon.



Below, Mayor of Seoul explains to refugees from North Korea how they will be helped by U.S. charitable groups. Flour in background was provided under relief section of P.L. 480.





Above, FAO mission head examines experimental wheat planting in Libya. Right above, grain storage specialist in Burma shows a portable moisture tester.



Above, cotton worker in Afghanistan shovels new type hoe introduced by FAO. Below, Pakistan team mops soil conditions in Kalat.



Freedom-from-Hunger

Through a Freedom-from-Hunger campaign launched this past summer, member nations of the Food and Agriculture Organization of the United Nations plan to focus efforts throughout the 1960-65 period on overcoming in underdeveloped countries the twin problems of inadequate food supplies and rural poverty. This campaign will reach its peak in 1963 with a World Food Congress, marking the 20th anniversary of FAO's founding.

FAO's program is primarily a food production campaign, with the accompanying goals of improving food distribution, nutrition, and general living levels. The Food-for-Peace drive, which stresses distribution of existing agricultural supplies, represents one of the ways the United States is supporting the FAO objectives.

In some respects, the Freedom-from-Hunger campaign is a do-it-yourself program in that emphasis will be placed on each member nation's doing all within its own ability to further its own advancement. But the program also provides for nations' working closely with one another in mutual assistance projects.

From the beginning, FAO has sought to bring together the world's resources in a fight against man's most persistent enemy, hunger, tackling it through one means or another, as shown by the pictures on these two pages.

Scientist examines rice from experimental paddy in Cuttack, India, where nine nations worked on hybridization project.





Landing a swordfish, Ceylon. FAO technologists have taught fishermen how modern methods can help increase catch. Right: extension worker advises sheep raisers in Ecuador's highlands.



Burmese tots get their hands washed before lunch at a Rangoon nursery school where a nutrition project is underway to improve the children's health.

Below, trained by an FAO home economist, Ghano's young teachers give demonstrations throughout the country on how traditional foods can be prepared to better the daily diet.

Dairy expert, E. A. McLoughlin, left, admires the first Dutch Friesian-Holstein calves to be born on the Philippine farm of Dr. P. M. Beluyot.





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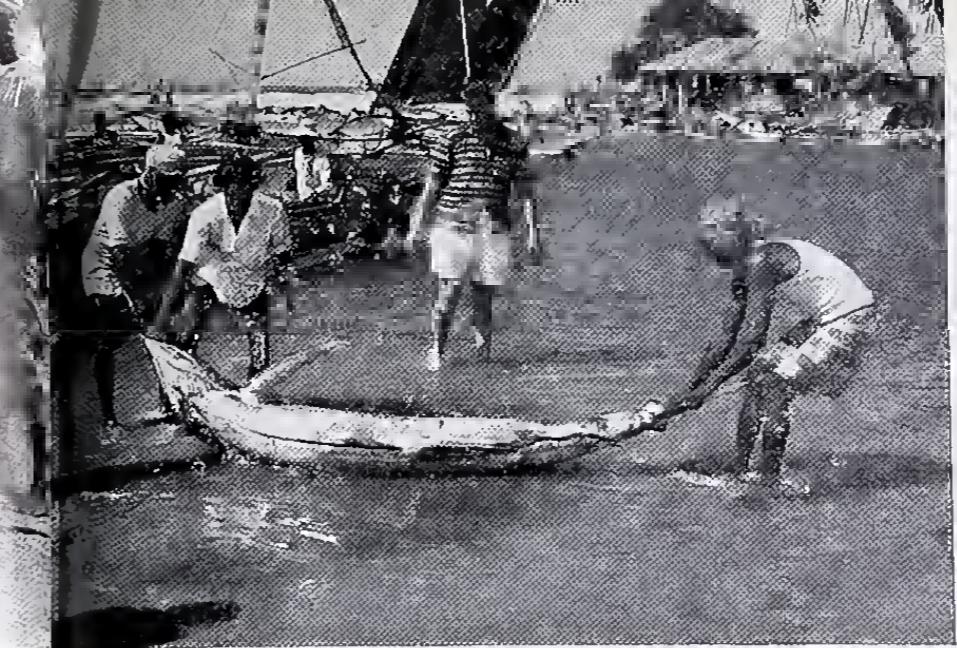
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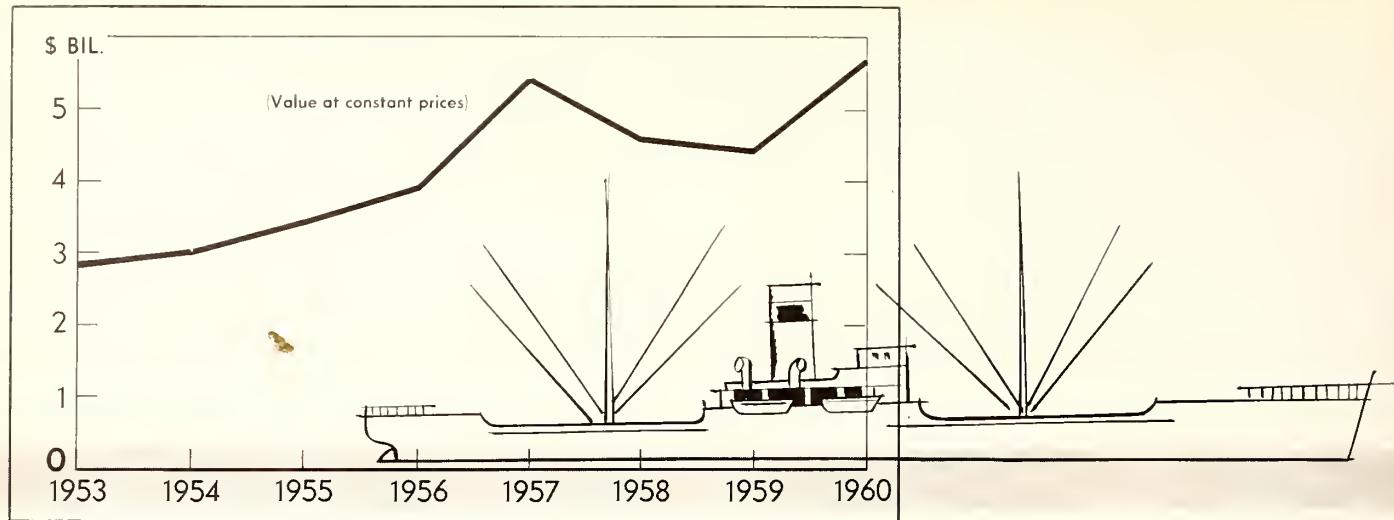
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U. S. Farm Export Volume at Record High

In fiscal year 1960, dollar value of U.S. agricultural exports, like volume, was exceptionally large. Some commodities broke records.

The fiscal year that ended June 30, 1960, was another historic one for U.S. agricultural exports. Export volume reached an alltime high: 29 percent above the level in 1959 and 4 percent above the previous record in 1957. Exports of several major commodities for dollars (some moving under export payments) accounted for nearly all of the rise to the new peak; exports under specified government-financed programs increased only slightly.

In value, exports totaled \$4,527 million, 22 percent more than the \$3,719 million in 1959. This value was only \$201 million less than the record of \$4,728 million in 1957, when exports were accelerated by the Suez crisis and the economic boom in Western Europe.

Dollar sales represented 71 percent of farm-product exports. They totaled \$3.2 billion, \$800 million more than the previous year's \$2.4 billion and represented the second largest dollar-sales value in history. Of total agricultural exports, 29 percent moved out under special programs, mainly P.L. 480.

Alltime highs were reached by exports of feed grains, soybeans, com-

bined shipments of soybean oil and cottonseed oil, dried beans, tallow, poultry meat, and variety meats.

Of the \$808-million gain in exports, cotton accounted for 51 percent; vegetable oils and oilseeds, 15 percent; wheat and flour, 12 percent; animals and animal products, 6 percent; fruits, vegetables, and preparations, 4 percent; rice, 4 percent; and other commodities, 8 percent.

Continuing high economic activity in foreign industrialized nations—especially in Western Europe and Japan—contributed most to the high level of U.S. agricultural exports. In addition, exports were helped by further liberalization of trade barriers against dollar imports and by the record gold and dollar holdings of many of this country's trading partners. For countries which were short of dollars, the United States continued to make farm products available under government-financed programs, such as Public Law 480.

The nation's five best foreign markets—the United Kingdom, Japan, West Germany, Canada, and the Netherlands—accounted for 56 percent of the export gain. They each took over \$300 million worth of farm products from the United States, with values ranging from \$475 million for the United Kingdom to \$339 million

for the Netherlands. Other export markets which took more from the United States were Italy, Belgium, France, Egypt, Brazil, and Denmark. Declines occurred in exports to Cuba, the Republic of Korea, Mexico, and the Philippines.

U.S. exports of cotton, excluding linters, were 6.6 million running bales—the second highest in over a quarter-century and more than twice the 3.1 million of a year earlier. Europe, the largest outlet for U.S. cotton, took 3.1 million bales; Japan, 1.7 million; India, 400,000; and Canada, Hong Kong, and Korea, 300,000 each. Developments contributing to the gain in cotton exports were the rising consumption in major textile manufacturing countries, ample supplies of U.S. cotton at competitive prices, small exportable supplies in major foreign producing countries, and some inventory rebuilding in the major textile manufacturing countries.

Wheat and wheat flour exports of 511 million bushels were the second highest in history and 69 million larger than a year earlier. The gain reflected the larger shipments under Title I of Public Law 480, which rose from 231 million bushels in 1959 to 301 million in 1960. Last year's export rise occurred primarily in increased shipments to UAR-Egypt,

Brazil, Poland, Pakistan, Turkey, and Uruguay. India, the largest foreign outlet, took 116 million bushels compared with 122 million in 1959. The large crop of good-quality wheat in Europe, particularly in France, resulted in a 17-percent decline in U.S. wheat exports to that area.

Exports of U.S. rice increased substantially in spite of the continued upward trend in rice production in the Far East, where much U.S. rice has moved in some recent years under government programs. Title I of Public Law 480 accounted for over half of last year's rice exports and was the main factor in attaining the second largest volume on record. Milled rice shipments of 20.2 million bags were 6 million bags more than in 1959. Principal foreign outlets were Western Europe, Indonesia, Cuba, and India. Exports to Cuba were about one-fourth less than in 1959.

The record performance of feed grain exports amounted to 12.2 million short tons compared with the previous year's 11.5 million. Shipments were made up of corn, 216 million bushels; barley, 114 million; oats, 43 million; and grain sorghums, 99 million. Foreign demand for U.S. feed grains rose sharply in the first half of 1960 but declined in the latter half because of increased competition from other suppliers—especially Mexico and Argentina. Western Europe, the largest foreign market area, imported more U.S. feed grains to supplement reduced forage production following the 1959 drought and to meet the additional feed requirements of the expanding livestock industry. Protein meal exports also were unusually heavy last year.

Exports of unmanufactured tobacco totaled 457 million pounds, only 16 million pounds below the 473 million of a year earlier. Unfavorable conditions contributing to the decline were the continuation of foreign trade barriers against U.S. leaf by many of the major importing countries, the higher price for U.S. leaf compared with prices for similar foreign growths, and the record 1960 tobacco crop in Rhodesia. However, the large supplies of high-quality tobacco in the United States and a steady rise in cigarette

consumption abroad have helped to maintain U.S. exports at high levels.

Exports of soybeans rose from 103 million bushels to 133 million. The record showing was encouraged by strong foreign demand for protein oilseed cakes and meals last summer and fall, large exportable supplies of U.S. soybeans at competitive prices, and reduced foreign supplies of other oilseeds and oils. Combined shipments of cottonseed oil and soybean oil increased from 1,080 million to 1,601 million pounds. This alltime high represented larger dollar sales, for exports under government programs remained about the same as in the previous year.

Exports of fruits and vegetables increased materially. More fresh apples, fresh oranges, dried prunes, raisins, canned fruits, and dried peas and beans were shipped abroad. Exports of fruits and vegetables were stimulated by ample U.S. supplies, prosperous conditions in Western Europe, and some dollar liberalization. The record exports of beans and heavy exports of peas mainly reflected reduced crops in Europe and Latin America.

Exports of animals and products expanded considerably, totaling \$583 million compared with \$533 million the previous year. Shipments of lard, tallow, poultry meats, and variety meats were encouraged by ample U.S. supplies and relatively low prices.

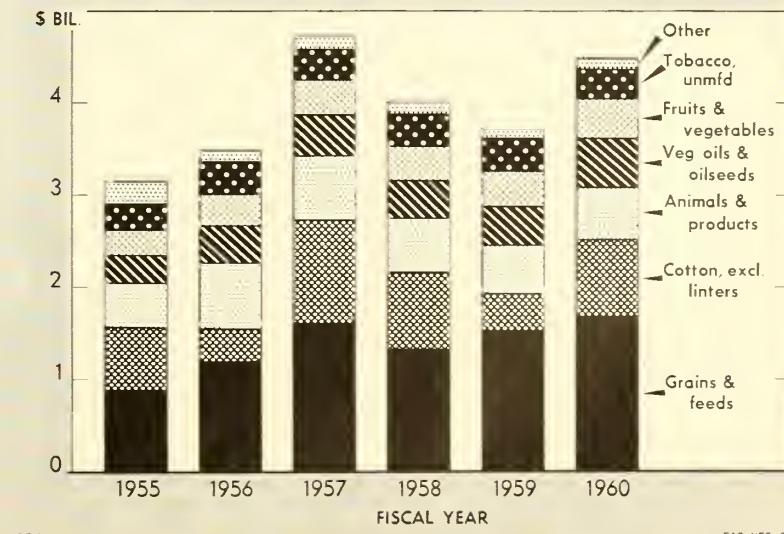
Lard exports of 674 million pounds were the second largest since World War II. Increased hog slaughter resulted in plentiful supplies at reduced prices. In addition, shipment of most of the lard in bulk by tankers reduced the price in the foreign market by about 10 percent.

The record export volume for tallow was 1,569 million pounds compared with 1,116 million a year earlier. Larger exportable U.S. supplies at competitive prices reflected increased slaughter of cattle at heavier weights. About half of the domestic tallow output was marketed overseas, principally in Italy, Japan, and the Netherlands.

There was a remarkable gain in exports of variety meats. Shipments in 1960 of 104 million pounds, a new record, were one-fourth larger than the 83 million of the previous year. Practically all this amount was sold to Western Europe, where demand continued strong for variety meats as a supplement to other meats.

Exports of 149 million pounds of poultry meat established 1960 as the best year ever, reflecting extensive market development work along with ample U.S. supplies at relatively low prices. Main foreign outlets were Western Europe, Venezuela, Canada, Mexico, and the Caribbean area. Slightly smaller exports of eggs were the result of increased competition from other major producing countries.

Trends in U.S. Agricultural Exports By Commodity Groups, 1955-60



South Africa and the Common Market

The Union of South Africa—like other large exporters of agricultural commodities—feels concern at the possibility that Common Market operations may lead to a decrease in its agricultural exports to West European countries.



Left to right, Secretary of South Africa's Department of Agricultural Economics and Marketing M. S. du Toit, Minister of the Department D. C. H. Uys, and U.S. Agricultural Attaché W. J. Edens discuss South Africa-Common Market trade problems.

By **W. J. Edens**
U.S. Agricultural Attaché
Pretoria, Union of South Africa

The Union of South Africa is viewing with much interest the movement of the six Common Market countries toward a joint agricultural and trade policy. These countries together account for a fourth of the Union's agricultural export trade. In addition, a number of African countries that are "associated participants" in the Common Market—especially those south of the Sahara—not only buy South African farm products now but are considered as important potential markets.

The Union's agricultural exports are vital to its economy. It has the good fortune to be a large exporter of gold, which has a fixed market price; but its agricultural products rank second as earners of foreign exchange. And of its total exports other than gold, these products have accounted for an average of 40 percent, or slightly more than \$400 million, during the past 5 years. Any decrease in demand

for them would be a serious blow to the Union's economy.

Agricultural products—largely wool, corn, citrus fruit, peanuts, and tobacco—also account for most of the Union's exports to the Common Market area. (See table on p. 24.) South Africa realizes that as the Common Market Six achieve a common trade policy, there may be shifts in both their exports to and their imports from outside countries. The Six are also working toward a common agricultural policy, and this too may bring trade shifts. A further cause of concern is the effect that Common Market actions may have on the trade of the European Free Trade Association countries (the Outer Seven, among which is numbered South Africa's top market, Britain). The outlook in all three directions is still uncertain.

In 1958, South Africa's agricultural exports to the Six and their overseas associates (the Belgian Congo and the French possessions) totaled \$113.7 million. Of this amount, 28 percent went to Italy, 27 percent to West

Germany, 20 percent to France, 13 percent to the Netherlands and Luxembourg, and 4 percent to associated African territories.

Common Trade Policy. 1958 was the first year of the Common Market's existence and the scheduled tariff reductions did not begin until January 1959. Thus there are few statistical data as yet to show what trade trends will result. One speculation is that South Africa would stand to benefit from the proposed arithmetic averaging of existing tariffs in the Six, for it sends a larger share of its agricultural exports to high-tariff France and Italy than it does to the Netherlands and Belgium, where tariffs are lower. Such a gain would depend, however, on what commodities the Union is shipping to each country at the time the new tariff goes into effect, and on whether there are any nontariff restrictions on them.

The Six are well along in eliminating tariffs and trade barriers on industrial and other products that they trade among themselves. In response, the Outer Seven too are now making systematic tariff reductions among themselves. Some experts feel that this trend augurs well for future recognition by both organizations of the need to reduce trade barriers against outside countries also. Should such a general reduction follow, it would stimulate industrial efficiency and increase demand for consumption goods—including the fibers and foods exported by South Africa and other nonmember countries.

The more immediate prospect, however, is that the Six may tend—at least for a time—to buy and sell fewer farm products from outside. Only time will tell whether the nonmember countries, by trading with each other, could make up for the surpluses or shortages thus created.

Another possible effect of relaxed trade barriers among the Six might well be to increase their import trade



Citrus is a South African export specialty. These oranges get a chemical wash, then move on to be polished and graded.



South Africa's top farm export is wool, here being stacked in bales. Common Market countries are big wool importers.

with their associates in Africa, for tariffs on imports from those countries will be reduced at the same rate as those of the Six themselves. This would encourage larger raw materials exports from the African associates, thus raising purchasing power in these countries and opening up greater opportunity for the Union of South Africa to find farm markets there.

On the other hand, if the Common Market results in a larger trade for the Six with their African associates in both primary and secondary products, this could be a deterrent to South Africa's trade with the whole complex of countries. Still, as far as agricultural exports alone are concerned, the African associates of the Six, being in predominantly tropical areas, could not supply the products that grow in the temperate climate of South Africa.

Common Agricultural Policy. The Common Market's program to improve agriculture and coordinate farm policies among its members aims at unifying their agricultural markets and encouraging their farmers to produce more efficiently for domestic consumption and export markets. This common agricultural policy is still in the making, and its long-range results for South Africa and other countries selling farm products to Common Market countries are problematical.

The proposed policy, based on individual commodity treatment, makes use of such devices as floor prices, equalization fee levies, equalization payments to exporters, and support purchases during the marketing year. The effect of support prices for farm products at levels above world market prices, perhaps coupled with subsidized exports, will probably be larger domestic production—not an encouraging prospect for supplier countries like South Africa. So far, however, definitive policy details are not on hand for the commodities exported to the Six by South Africa and also produced in the Common Market area—corn, citrus, and tobacco.

Side Effects on EFTA. Considering all agricultural exports, the Outer Seven rank as South Africa's major market because of large imports by the United Kingdom (the other EFTA countries import relatively small amounts of South Africa's top farm products). Thus, South Africa will feel at second hand any effects that Common Market actions may have on the trade of the Outer Seven with each other and with outside countries—and more particularly on the trade of the British Commonwealth, to which the Union of South Africa belongs.

The Seven—unlike the Six, which are moving toward a common tariff against all outside countries—are re-

serving the right to determine individual country duties against non-member countries. This right will permit them to retain trade concessions or preferences now in existence. When the Seven begin removing duties on goods they import from each other, certain margins of preference the United Kingdom has accorded Commonwealth countries will be affected. South Africa, however, is not much disturbed by this possibility, for agricultural items are an exception to this EFTA provision.

Outlook. At present, all that can be said for certain about the Common Market's effect on South Africa is that the forecast is partly cloudy. Much depends on whether the Common Market and its opposite number the European Free Trade Association move along the road to greater freedom from all trade restrictions not only among themselves but against all outside countries. If they do, competitive economic forces will operate to stimulate demand and create a wider and more efficient marketing service. In such a case, with these two great markets moving away from discrimination and restrictive trade mechanisms, South African farm producers would have little to fear, provided they continue their present trend to produce more and better products for competitive sales in foreign markets.

Extension Team in Latin America

This past year three teams of U.S. State extension economists have studied agricultural markets abroad, first in Western Europe, then the Far East, and now Latin America. Their findings are being put to use in a program to broaden understanding in the U.S. of what is involved in building foreign markets.

By Riley S. Dougan
Ohio State University

Last spring I was one of eight extension economists who, with a representative of the Foreign Agricultural Service, spent 5 weeks in Latin America. Our aim was to study firsthand those things that affect our agricultural markets. We planned to have a closer look at some of the problems of modern export marketing, so as to help acquaint U.S. farmers and exporters with their foreign customer's needs.

During a 2-day briefing session at the Department of Agriculture we began to learn about some of the problems of the Latin American countries—and some of their potential. We got an idea of our mutual interdependence, learned about the economies of the countries we were to visit, and about trade agreements or lack of them. As our impressions began to take shape, two stood out: First, that most Latin American countries are striving for self-sufficiency in agricultural production, and second, that many of them have great economic problems which in turn have a real influence on the political situations. These impressions were substantiated as we visited the seven Latin American countries—Mexico, Colombia, Peru, Chile, Argentina, Brazil, and Venezuela.

Mexico. In Mexico we saw a social pattern that seemed common for much of Latin America—two classes, the quite wealthy and the very poor. As yet there is only a small middle class, although one seems to be developing. Mexico is proud of its accomplishments since the revolution, but most of the people with whom we talked were quick to mention two major problems. So often we heard the comment, "What we need is more education and a better credit program for our rural people." These truly did seem to be real road blocks to progress. We got the impression, however,

that the people there were going to do something about it.

The Mexican economy is probably somewhat more stable than that of most any other Latin American country. It is a diversified economy, and the Mexicans are trying to further diversify both production and trade. Their stated policy is to encourage production of complementary products with the United States rather than competitive products, although they claimed that sometimes this is not possible.

The United States has no trade agreement with Mexico. They probably will be competing more with us in the future, especially in such items as cotton, wheat, and certain fruits. It was in Mexico that we began to hear what was so often indicated during the trip, namely, that the United States is not a wise exporting nation, that we don't give enough attention to such things as quality, packaging, and salesmanship.

Colombia. From Mexico we travelled to Colombia, another predominantly agricultural country, with over 60 percent of the people gaining their livelihood by farming. Coffee, which the Colombians are quick to point out is top quality, is the mainstay of the economy. The United States takes about 85 percent of Colombia's coffee exports, and very little else. The country ranks fourth as a Latin American market for our products, principally cotton, wheat and flour, fats and oils, and barley malt.

Colombia's overall trade policy is to maintain a long list of prohibited agricultural imports and high import duties so that its hard currency may be used for industrial development. The United States still is Colombia's largest trading partner, and we felt that this relationship would continue for certain agricultural products, but that competition from other exporting countries would become keener.

Peru. Even before landing in Lima,

we sensed how natural forces affect the economy of the nation, for we saw miles of desert along the coast and noted vast areas of Peru which are not farmed. Peru, however, does not seem to be depending so much on self-sufficiency as many of its neighbors. From an economic standpoint, I was impressed with some sound thinking at high levels. No government agencies were attempting to prevent imports from entering the country, except through tariffs, which on some agricultural items have been raised to protect domestic industry.

In Peru it was pointed out to us again that U.S. products do not fare so well in world trade, partly because of some of our practices. We heard that the United States was not "export-minded," that our exporters do not pay enough attention to quality, and that they do not give the credit that many of our competitors do.

Chile. The tidal waves and earthquakes that put Chile in the news last summer occurred about a week after we left. While there, we were impressed by many things. The climate is quite varied. Much of the land is in the Temperate Zone, but some lies at very high altitudes and some is rain forest. Nevertheless, Chile produces many of the same agricultural products that we do.

This South American country is going through an austerity program. It had a tremendous problem of inflation and had to do something or risk economic collapse. Production has increased very modestly. However, confidence now seems to be returning, so business and industry are using capital to develop local industries. But unfortunately, this whole problem of economic finance will be aggravated further by the disastrous quakes and tidal waves.

Chile produces copper and nitrate and would like to sell abroad as much

(Continued on page 20)

Are Soviet Water Resources being used to the best advantage?

By Margaret Miller
Foreign Agricultural Analysis
Foreign Agricultural Service

To meet the food and fiber needs of a mounting population, the Soviet Union has set up the ambitious target of a 70-percent increase in gross farm output by 1965. To achieve this end the government has embarked upon a number of agricultural programs, including irrigation and drainage projects. But from time to time the question arises as to whether the USSR has sufficient water resources to carry out these far-reaching plans for extending irrigated crops and pastures in its arid regions and for coping successfully with its marshy lands and saline soils.

That the Soviet Union has the water potential is quite evident from a look at the map of this vast country. It is clearly a land of rivers and canals, and its 248,000 miles of navigable waterways make up the longest such system of any country in the world. Also, immense volumes of water flow through the rivers of the southwestern areas of the European section as well as those of the Central Asian region. Yet much of the economic value of these rivers is lost. Some of them are allowed to flow into the sea without being tapped for irrigation or as a source of hydroelectric power. Furthermore, in the Central Siberian areas many rivers have the disadvantage of flowing either in the wrong direction to be utilized for economic development or through sparsely populated regions that have little importance.

For a country so dependent upon irrigation as the Soviet Union this waste of water is a tremendous handicap. Because adverse climate has always limited the country's agricultural development, irrigation, the development of the water supply, and amelioration of saline soils are of utmost importance to its agricultural economy. The entire cotton and rice crops are irrigated, as well as one-third of the



Two U.S. economists together with local workers inspect the cotton crop on a state farm near Tashkent. Cotton in the Soviet Union is grown entirely on irrigated land.

alfalfa area, one-fourth of the vegetable area, and one-fifth of the orchards and vineyards.

Speaking at an all-Union conference of water conservation specialists in Tashkent last March, Soviet Minister of Agriculture V. V. Matskevich claimed that the USSR now ranks third among other nations of the world, with an irrigated area of 22.2 million acres. He announced that 22 billion rubles (1 ruble equals 25 cents) had been appropriated for water conservation and utilization during the current Seven Year Plan, 1959-65, but he also added that the country has a number of difficult problems to solve before it can reach its goal in developing arid and marshy lands.

Most of the Soviet Union's irrigated farmland is in Central Asia and the Caucasus. In Central Asia, flood irrigation is practiced along the rivers Amu Darya and Syr Darya. Recently, the Amu Darya has been prominent in the Soviet press in connection with the accelerated construction of the Kara-Kum Canal. The Syr Darya irrigates the country's cotton-growing region centered in the three central Asian republics of Uzbek, Kirghiz, and Khazakh. Soviet plans for extending irrigation in the European section

include building dams on the Dnieper River to channel waters into the southern Ukraine and northern Crimea to irrigate 3.7 million acres, and dams on the Volga River near Kuibyshev and Stalingrad to irrigate 2 million acres in the Caspian and trans-Volga regions.

Irrigation Development. During the period 1952-58, state and collective farms spent over 9 billion rubles on water-resources development, with about 7 billion being allocated for irrigation. This investment expanded the irrigated area by 2.7 million acres, slightly over half of it being in the cotton-growing regions. In the past decade, a great deal of work has been carried out in expanding the area which is "flood irrigated" for pastures, so that by the beginning of 1959 these flood-irrigated pastures maintained more than half the sheep and a quarter of the cattle and horses in the country.

Although the Soviets have extensive plans for the next 6 years with respect to irrigation, they have some serious problems to solve. Neither the land nor the water in the irrigated regions is being utilized to the best advantage because of the inefficient methods of flooding and the lack of equipment,

such as siphon tubes for regulating the flow of water. Bogging and soil salinization remain serious problems too, and shrubby vegetation is invading arable land in a number of areas in the non-black-soil belt.

Siltation in the canals of Central Asia also presents a major difficulty with which the Soviets have to contend. They have tried to overcome it by planting shrubs and trees to prevent the crumbling of the banks of the main feeder canals. The vegetation, in turn, can be used for timber, which is in short supply in this sparsely forested region.

So, although irrigation facilities provide water for 22.2 million acres, only 17-18 million acres are actually receiving it. Of the almost 3.9 million acres that had facilities but that did not receive water in 1957, almost 60 percent were affected by insufficient supplies and over 20 percent by poor organization and a shortage of labor. About 5 percent of these lands failed to get water because of poor soil conditions, such as bogging and salination. The remaining 15 percent did not have enough moisture deficiency to warrant irrigation.

Soil salinity has always plagued the Soviets' irrigated farming and, despite all the research conducted to remedy the situation, many major problems remain unsolved. Salinity reduces

Soviet machine used to clean out drainage canals. Silt and debris are thrown out at rate of 150 cubic meters an hour.



yields of cotton and other crops on about 2 million acres in Kazakhstan and Azerbaijan. During an annual harvest, saline soils cause some collective and state farms to lose from 450 to 625 pounds of seed cotton per acre.

Drainage. Regions of excessive moisture include over 20 oblasts in the European section of the RSFSR, Belorussia, the Baltic Republics, and the Polessye parts of the Ukraine SSR. All these regions have potentially good soil for agricultural development. About 5 million acres of marshland and mineral soils of excessive moisture were drained during the 1952-58 period. In the 3 years 1956-58, almost 1.2 million acres were drained in Lithuania, Latvia, and Estonia.

There is still ample opportunity to expand agricultural land in the USSR by drainage. In the non-black-soil belt, from 40 million to 45 million acres of arable soil have excessive moisture and a still larger area is bogged and overgrown by tussocks. Development of these areas will require reclamation on a more extensive scale than has been attempted up to now, but first, more efficient excavating machines must be produced to reduce the present high cost of reclamation. Wider participation by collective and state farms is necessary too, for unless the farms assume responsibility for maintaining the condition of reclaimed lands, the drainage canals soon become clogged by vegetation and silt, and the land

reverts to its marshy condition.

Pasturelands. The desert, semi-desert, and steppe zones of the Soviet Union have 710 million acres of natural pasture, but by 1959 only about half of this acreage had been completely or partially flood-irrigated. The Soviets claim that their total permanent meadow and pasture acreage amounts to 915 million acres. The livestock within the pastureland zones at the present time is estimated to require 60 million tons of forage in terms of hay, but with a larger water supply it is calculated that this same area could yield as much as 110 million tons of forage.

A goal of the Seven Year Plan is to provide water for 200 million acres of pastureland in the arid zones, bringing the total area of land receiving water from manmade systems to about 570 million acres. But even if the water is made available, there is the problem of drinking water for the stock, that being as important to increased livestock productivity as the feed supply. In 1958, mechanized automatic fountains were in use on only 27 percent of all collectives and 38 percent of state farms; so that if the installation of a mechanized water supply is allowed to proceed at its present slow rate, by 1965 a million supplementary farm workers will be required to water the projected increased cattle herds. It is implied, of

(Continued on page 22)

Model design at the Institute of Water Economy, Tashkent, for taking out irrigation water without a dam. Machines continuously remove silt before water enters canals.



HIDES AND SKINS

The U.S. may again become the world's leading exporter

By Glenn R. Samson
Livestock and Meat Products Division
Foreign Agricultural Service

By the end of 1960, the United States may once again be the world's top exporter of cattle hides and calf skins, a position it has held only twice before. Exports so far are well above those in 1959. With slaughter of cattle and calves running substantially higher and average prices of hides and skins considerably lower, it now appears likely that our total exports for the year will be near the level of 1957—the most recent year we were in first place.

While our exports are growing, those of Argentina—last year's leader—are expected to shrink, for Argentina reduced its stocks sharply in 1959 and expects a further decline in slaughter this year. Except for 1955 and 1957, when it lost its lead to us, Argentina has been the world's top supplier of bovine hides and skins for many years. Other main exporters are Australia, New Zealand, and Canada. The United States, however, has always been prominent on the import side of the trade; only in the past decade did it enter the export field in a big way. It became a net exporter of cattle hides for the first time in 1953 and of calf and kip skins in 1954.

For cattle hides, this trade shift came about from record slaughter each year from 1953 until 1957, which sharply reduced U.S. needs for hide imports, as well as cutting prices to a level that made the U.S. product competitive on the world market. Our

cattle hide exports rose from 2.4 million pieces in 1953 to 6.5 million in 1957. In 1958 and 1959, shipments dropped abruptly as the downturn in the cattle cycle reduced supplies and prices shot up. However, with the upturn in U.S. cattle slaughter now in full swing, our exports of cattle hides were running 40 percent higher in the first 6 months of 1960 than they were in the same period of 1959. The next few years may see continued growth, for the long-term trend in U.S. cattle production is upward.

For calf and kip skins the change to net exports was not entirely due to excess supplies and lower prices; heavier foreign demand played a part too. During the 1953-57 period, foreign buyers were competing vigorously with U.S. tanners for these skins, and exports rose from 1.6 million to 3.3 million pieces. As with cattle hides, there were slumps in 1958 and 1959; but shipments for January through June 1960 were about even with those for the same months last year.

A natural result of more abundant supplies has been lower, more stable prices. These have encouraged producers to switch their excess hides and skins to the expanding overseas markets. An exception to this price trend was 1959, when the price of heavy native steer hides more than doubled between January and July, but fell back sharply by December. This sharp rise was attributed to the larger

world demand that followed the end of the 1958 recession, as well as to the smaller supplies in the United States and Argentina. Speculative buying was important too; prices moved much more sharply than supply and demand conditions warranted. In 1960, prices have been much more stable, and they are not likely to repeat last year's wild gyrations for some time—barring unforeseen political or economic crises.

A third factor in our shift from net importer to net exporter is the failure of domestic consumption to keep pace with the supply increase. This has been due to the greater use of synthetics and other nonleather materials in shoes and other leather goods. For example, the shoe industry, which is one of the major users of cattle hides, has been increasing production almost yearly, from 481.9 million pairs in 1951 to 632.1 million in 1959. Yet in 1959 it produced nearly 9 million fewer pairs with leather soles than it did in 1951. Other leather consumers have followed a similar trend. Thus, it seems likely that not even increased supplies and relatively low prices will boost U.S. consumption of cattle hides; rather, it may level off at about the present figure of 29 million pieces, while output goes on rising. This means that U.S. producers of hides and skins will find the export trade of increasing interest.

An encouraging thing about this export trade is that nearly all U.S. hides and skins are sold through regular commercial channels for dollars. Only small amounts have been disposed of through government aid programs, and none for foreign currencies under P.L. 480 (the Agricultural Trade Development and Assistance Act). The largest customer for U.S. cattle hides since 1955 has been Japan, which has consistently bought nearly 25 percent of our exports each year. West Germany, the Netherlands, Canada, and Mexico have also been large buyers; each took more than 500,000 pieces during 1959. Except for Mexico, these same countries have also been the top markets for U.S. calf and kip skin exports, taking nearly 70 percent of the 1959 total. All are continuing as important markets thus far in 1960.

U.S. exporters of hides and skins are fortunate in having relatively free access to most major markets. Duties on hides are generally low or non-existent, and there are fewer trade barriers of other types than there are for some other commodities. Japan has a duty of 20 percent and limits imports from the dollar area through exchange controls; but it has announced that it will liberalize imports of hides and skins from the dollar area in the near future. The Common Market countries propose no external duty on hides and skins. These countries accounted for 31 percent of our cattle hide exports and 42 percent of our calf and kip skin exports in 1959. This year they are taking far more cattle hides and about the same quantities of calf and kip skins.

Argentina, our chief competitor, also sells many cattle hides and calf skins in Western Europe, primarily in Germany and the Netherlands. However, the East European countries and the USSR have been large buyers of Argentine cattle hides too; in fact, during the past 5 years, the USSR has been the largest single market. This year, with Argentina's supply more limited, more U.S. hides have been going to the USSR, but this is still a small part of our total trade in hides and skins.

Besides being a large exporter of hides and skins, the United States



FAS Trophy Awarded

Jerome M. Kuhl, acting U.S. Agricultural Attaché, presents the first FAS trophy to José de Jesus Monteil, exhibitor of "Príncipe," a champion Brown Swiss bull imported from the United States. From left, Mr. Monteil, Mr. Kuhl, and José J. Cabrera Camargo, Zone Coordinator of the Ministry of Agriculture.

The Foreign Agricultural Service is sponsoring the trophy awards under a new project to further develop markets for U.S. dairy cattle in Brazil, Chile, Colombia, Ecuador, Peru, and Venezuela. The trophies will be awarded at annual livestock exhibitions in the six countries, to purebred dairy animals of U.S. origin or with some U.S. ancestry in the Jersey, Ayrshire, Brown Swiss, Guernsey, or Holstein-Friesian breeds.

is also a large and fairly steady importer, buying about 27 million sheep and lamb skins and 25 million goat and kid skins every year. For sheep and lamb skins, New Zealand was our leading source in 1959. Together with Iran, Turkey, Australia, and Syria, it accounted for more than 80 percent of our total imports. For goat and kid skins, India and Brazil were our largest suppliers, followed closely by Nigeria, Ethiopia, Pakistan, and British East Africa. All together, they supplied over 75 percent of our total.

U.S. Still Big Market For Tanning Materials

Although U.S. imports of vegetable tanning materials have been declining in the past 10 years, the United States is still the world's No. 1 market for tanning barks and extracts. Last year this country imported 261 million pounds of tanning materials. Yet compared to the 509 million pounds averaged in the 1950-54 period, this represents a considerable drop.

The principal tanbarks imported in 1959, and their principal sources, were wattle (South Africa), myrobalans fruit (India), and mangrove (Colombia). Principal tanning extracts imported, with major sources, were quebracho (Argentina) and wattle (South Africa). Imports of quebracho extract accounted for 43 percent of total imports of tanning materials.

Why have U.S. imports of tanning products declined? Much of this drop results from reduced consumption of natural leather and greater use of leather substitutes (see story on page 15). Still another reason has been the sharp rise in imports of leather and finished leather products. These have almost tripled in the past 5 years.

A decline in use of vegetable tanning material in the United States—the world's largest leather producer—is of considerable importance to the major exporters of tanning materials. These tree products are substantial foreign exchange earners for countries such as Argentina, Paraguay, South Africa, and British East Africa.

Quebracho extract is the most important tanning material, and in both Argentina and Paraguay production and exports fell off in 1959. Reduced exports were attributed to keener competition from wattle extract and to large carryover stocks in most importing countries. Of total quebracho exports of 282 million pounds, the United States was the leading buyer, taking 108 million pounds.

Hardwood tanbarks are produced in the United States, but supplies of these are somewhat limited. Because of its dependence on imported natural tanning materials, the United States has a considerable quantity of quebracho in government storage.

Using Surplus Farm Commodities To Foster Economic Development

Much has been said, from the United States point of view, about using surplus farm commodities to foster foreign economic development. Here is a thoughtful statement, from a recipient country's point of view. It is an excerpt from a paper delivered before American Farm Economics Association members at Ames, Iowa, by DR. S. R. SEN. Joint Secretary of the Planning Commission, India.

While P.L. 480* supplies have generally helped to improve the consumption standard as well as the economic position of all recipient countries, the benefits seem to have been derived relatively more by those countries which utilized this assistance primarily for economic development rather than for other purposes. On the other hand, countries which became too much "addicted" to commodity assistance and used counterpart funds mainly for nondevelopmental purposes became more and more dependent on such assistance. There can be little doubt that it will now be better for them to have a program of gradually phasing out of dependence upon P.L. 480 assistance for nondevelopmental purposes and to concentrate such assistance on developmental purposes as far as practicable.

No one, surely, could take exception to commodity assistance for meeting emergencies like famine, but in all other cases it is desirable that commodity assistance should be utilized primarily for economic development. Welfare projects, however desirable, should not be of such a proportion that they cannot be ultimately financed from the income generated by the eco-

* The Agricultural Trade Development and Assistance Act of 1954, commonly called "Public Law 480," authorizes the sale abroad of U.S. surplus food for local currency. Funds accruing from these sales may be made available to the recipient countries in the form of both loans and grants for economic development. Last May India and the United States signed the fifth Public Law 480 agreement, for delivery over 4 years of \$1.3 billion worth of U.S. grains, biggest grain deal in history.

nomic development projects included in the over-all national program for development.

These are substantial points on the credit side of the surplus disposal policy adopted by the United States. There is no doubt that if U.S. surpluses had been thrown on the international market and prices allowed to crash, most other exporting countries would have suffered serious loss. On the other hand, if P.L. 480 supplies had not been available, the programs for economic development in a number of underdeveloped countries would have been more modest, or their people would have had to face much more stringent control over consumption than they have to do at present.

There is general appreciation in these countries that the P.L. 480 supplies have been of great help to their economic and social development. The use that has been made of the counterpart funds in building up the infrastructure of the economy, in constructing irrigation and power facilities, improving transport and communications, and promoting research and extension is certainly noteworthy. But no less important is the indirect influence of these development projects in creating an urge among the people, preparing them for change, and thus creating favorable material as well as psychological conditions for further progress.

I cannot emphasize too strongly the point that while commodity assistance is helpful, much of its value is lost if it is not backed by an adequate supply of foreign exchange, especially under the conditions which obtain today in most of the underdeveloped countries. If the commodity assistance that the underdeveloped countries are receiving is not supplemented by enough foreign exchange aid and if their economic development is retarded thereby, the commodity supplies which they have contracted for may prove to be a drag on their economy. On the other hand, if enough

foreign exchange assistance is available, their economic development will be accelerated, and they will be able not only to absorb the supplies which they have contracted for but even to import more in future, and also, to advance the date when they will be able to pay for their imports in dollars.

It should be appreciated that, other things remaining the same, any large-scale import of agricultural products over and above normal imports is likely to impair agricultural development in a recipient country. It is only if the latter has a balanced program for industrial and agricultural development, which is designed to create additional employment and purchasing power, that the effect of surplus disposal will become truly beneficial.

My second point relates to the counterpart funds which are rapidly accumulating in all the recipient countries. So long as the use of these counterpart funds is fitted into the plans for economic development of these countries in a general way, there may not be much difficulty. But if the impression gets around that these funds may be available for projects outside these plans, serious difficulties are likely to follow. It will not be easy to convince the interested parties that these funds do not represent any additional real resources. Pressure will develop both in the recipient and donor countries for spending these counterpart funds on various types of new projects, and to the extent that these pressures may prove successful, there will be a diversion of material resources from the projects included in the balanced programs of economic development already prepared by the countries concerned.

On the monetary side, that would lead to inflation. On the material side, it would lead to maldistribution of scarce resources. And on the operational side, it would lead to serious political and economic difficulties, to the extent that the decisions about spending the counterpart funds at the first stage when they are lent to the recipient governments, and especially at the second stage after they have been repaid by these governments, differ from the investment programs

and policies of the authorities of these countries themselves. The latter, in particular, is likely to become a serious source of friction in future unless some satisfactory solution is found right now. It may also be a fertile field for bureaucratic interference and conflicts.

What has just been mentioned about difficulties arising out of the diversion of resources applies with equal force to funds retained for U.S. uses, including those to be disbursed under the Cooley Amendment, especially if these happen to be large. In addition, the disbursement of Cooley funds may, in certain recipient countries, involve the donor country, unless it is very careful, in local political controversies which may undo much of the good will that the commodity assistance is otherwise expected to create. It is, therefore, important that an early solution should be found for this problem of growing accumulation of convertible local currencies.

My third point follows from the second. The growing anxiety in donor countries to show that specific projects have been financed from the commodity sales funds is understandable. But economically as well as operationally the project approach is always much less satisfactory than the program approach. If a country has a comprehensive program for economic development, it is in my judgment a retrograde step to insist on a project approach. On the other hand, if a country does not have such a program and the project approach is found to be indispensable, the over-all economic situation and policies should be carefully examined before a project involving a large-scale investment is considered for commodity assistance.

It is true that if the projects are merely picked out of the country's national plan—where such a plan exists—not much harm may be done. But even in such cases, the insistence on a project approach may give a slant to the aid program which may not be conducive to economic progress if there is a tendency to select projects which are more spectacular and less productive, in preference to others which may be more productive but are less spectacular. Whether an underdeveloped country has an economic plan

or not, it is essential that there should be a proper balance between projects of economic development and social welfare in its development program, so that when foreign assistance ceases, the welfare projects can be continued with the income generated by the economic development projects.

I would suggest that the American authorities concerned should give careful consideration to this point. The fact that they are assisting the general program for economic development of the underdeveloped countries will be always gratefully acknowledged. There is no further point in pressing for the project approach, especially in those countries which have a comprehensive plan for economic development. The only result that will follow will be either distortion of the balanced program which the country has adopted, or irritation among interested parties in the donor as well as the recipient countries that the projects sponsored by them could not be accommodated because they did not fit in with the general program or policy for economic development.

The time has now come when, on these and other related points, the donor and the recipient countries should take a long-term rather than a short-term view. For, present indications are that the problem of surplus disposal is going to remain with us for several years to come. It will be helpful if new markets can be found for the surplus products, so that at least direct restriction of production, which has several undesirable features, can be avoided. And as I have mentioned earlier, that can be best done by promoting the economic development of countries which are underdeveloped and are, therefore, also underfed. Since many of these countries are in the tropics, their agriculture is complementary to the agriculture of a country like the United States, which is in the Temperate Zone. If the agriculture of the former can be developed and trade with the latter stimulated, some outlet could be found for the surplus of the latter.

It is, however, mainly through the industrialization of these underdeveloped countries that a really large-scale expansion of markets can become pos-

sible. After all, even today the best customers of America's industries are other industrialized countries and not countries which have yet to industrialize. To the extent that surplus commodities can be used for the development of the agriculture as well as the industry of the underdeveloped countries, it would help not only the recipients but also the donors.

But here I would like to stress once again that commodity assistance is necessary but by itself it is not adequate. Surplus commodities cannot be used effectively unless they are matched adequately by free foreign exchange resources.

The keynote of this program should be "phasing out"—for the United States out of the burdensome surplus and for the underdeveloped countries out of the vicious circle of shortage. But such a program can be practicable only if both the parties are prepared to sacrifice to some extent their present consumption for future investment. For the underdeveloped countries it would mean a special effort for saving a larger proportion of their meager income for investment in a program for economic development. For the United States it would mean a diversion of a small share of its ever-growing prosperity in the form of direct foreign exchange assistance to the underdeveloped countries—an assistance which is essential for making the optimum use of the commodity surplus that is threatening to become such a burden on its economy.

Dutch Remove Ban On Meat and Swine

The Netherlands has removed import restrictions on beef, veal, pork, bacon, horsemeat, and live hogs (other than pedigree breeding stock) for consumption within the country. The action favors all members of GATT, including the United States. The United States already has a good market for packinghouse products from Dutch traders who tranship goods to other countries. Now, however, U.S. meat products may be used in the Netherlands by the Dutch people.



Gary Glantz of Roberts, Montana, drives a tractor hauling sugarcane on the Venezuelan ranch of Reinaldo Morales, whose son was an Iffy in the U.S. in 1957.

World Farm Youth Share Work And Family Life in IFYE Program

Shortly after World War II four young farm boys from New York State and their 4-H Club leader came down to Washington to talk to the Federal Extension Service about an idea they had. They wanted to live and work with farm families abroad, and in turn, they wanted the youth of other countries to share in the farm life of this country.

Out of this grew IFYE—International Farm Youth Exchange—now in its 12th year. In this period, 1,208 young people from U.S. farms have gone abroad and 1,360 exchangees have come here. All over the world there are IFYE alumni groups, and some of the host farms today are being run by former Iffy's (international slang for a participant).

Shown on this page are some of the 1960 Iffy's. On returning home, they will share their experiences with the communities that sent them, through talks, television programs, and newspaper articles.



Young Australians Thomas Rabinson and Alfred Walker pose at airport before heading for California and Iowa farms.



Pastman brings letter from home for Iwan Jaan Reid, who spent the summer with the Vas family in Halland. Right, Jaan does chores in wooden shafts.



Extension Team

(Continued from page 12)

of both of these as possible, as well as iron ore, wine, apples, fish, wool, and other products. It would like to buy from abroad all the industrial equipment, agricultural machinery and agricultural supplies necessary to make a productive competitive economy. But Chile will not encourage imports of agricultural products.

Argentina. Argentina is a country in transition. It is leaving behind the traditions of dictatorship and has great enthusiasm for democratic ideals. At the same time, it is moving toward a freer economy, with less government control of agricultural prices. Agriculture had been slighted during the previous era in favor of building up industry. Now there is hope and some evidence that agricultural development will be emphasized more in Argentina than it has been in recent years.

Argentina competes with the United States for world markets more than any other country we visited, especially in wheat and livestock products. The people in Argentina are quite conscious of our trade and agricultural policies. We realized more than ever the political implications of such activities as our Public Law 480 whereby we sell to other countries for foreign currencies; and I believe we must give considerable attention to helping countries which are competing with us to understand that we are not encroaching upon their markets.

Brazil. Brazil might be termed the "awakening giant." Truly this is a large and impressive country, even though a great part of it is undeveloped. Only 9 percent of the land is in farms and only 2 percent is cultivated. Brazil's foreign exchange comes principally from coffee. Currently this is causing much concern. Brazil has a terrific surplus of coffee, and does not seem to have arrived at a completely satisfactory solution to this problem.

The building of the new capital, Brasília, probably will do more for the economy of Brazil than almost any other single thing. Roads run in several directions from Brasília, many of them still in the making, and in time this will open up vast areas.

Brazil ranks fourth as a Latin American market for U.S. farm products, and its foreign trade is regulated by foreign exchange controls and by licensing. The Brazilian Government is trying to encourage food production. For example, it pays a large subsidy to wheat growers. Even so, wheat is our largest agricultural export to Brazil.

In Brazil we heard a great deal about a bad experience they had in purchasing U.S. beans. For some reason, those beans turned out to be poor quality. The incident caused repercussions far and wide and points up the necessity of giving careful consideration to export standards.

Venezuela. Just before midnight we arrived at the airport serving Caracas. You reach the city by way of a modern four-lane throughway, which reportedly cost \$7 million per mile since it had to be built through a mountain. What impressed me were the large, modern buildings, the neon signs, and the apparent wealth of the people in and around Caracas.

Venezuela is one of our better agricultural markets in Latin America. Practically all of Venezuela's foreign exchange is in oil and this has been a powerful influence in the country's economic development. Some officials in Venezuela are concerned about increasing production of certain agricultural commodities. They fear that sometime their oil supplies may run low, so they are using such devices as subsidies and pegged prices to spur local output of basic farm products.

The United States sells a large variety of agricultural products to Venezuela. Important are dried milk, eggs, and wheat flour, and with regard to these, some countries may be meeting Venezuelans' preferences better than we do. Since the Venezuelans want brown eggs, they give special attention to shipping brown eggs. I understand other countries also give more consideration than we do to certain types and shapes of cartons and containers for their products. Such things have a long-lasting effect on our markets.

We were optimistic, however, over the long-run possibilities of trade with Venezuela as well as with the other Latin American countries. The demand

for dollars to encourage industrial development may cause them to turn elsewhere for some agricultural products in the next few years, and competition will be keener. Yet, given political stability, these countries will move ahead; and as they progress to the place where 80 to 100 percent of their people are in the economic stream instead of the present 50 percent, we should enlarge our markets.

But, as I mentioned earlier, we must become more export-minded. Our own domestic market is so large that we have not given real consideration to our export potential. Too often we have not had adequate export standards and have not rigidly enforced those we did have. If we are going to win and keep a bigger share of the Latin American market, here's a good place to begin—by shipping them the best our farms can produce.

USDA Donates 2.8 Billion Pounds of Surplus Foods

Donations of surplus food by the U.S. Department of Agriculture at home and overseas totaled almost 2.8 billion pounds in the year ending June 30, 1960, down slightly from the alltime record of 3.0 billion set the previous year. The foods donated are those acquired by USDA in its price-support and surplus removal operations.

Donations to schools, charitable institutions, and needy persons in this country amounted to 918 million pounds compared with 1.1 billion in the 1959 fiscal year. This 17.5-percent decrease resulted largely from the improved dairy situation, coupled with a decline in the number of eligible needy persons in family units. However, more than 14.5 million school children benefited from school lunches, a half million more than in the previous year.

Foods shipped abroad went to some 90 countries where they were distributed by U.S. voluntary agencies. The total for fiscal 1960 was 1.8 million pounds, practically the same as in 1959. Over 360,000 pounds of food went to victims of floods, storms, and other disasters in this country.

Uruguay's New Livestock Program Promises Future Economic Gains

Early this year, the World Bank approved a \$7-million loan to Uruguay to help finance a livestock improvement program. The economy of Uruguay, the smallest South American Republic, depends heavily on its livestock industry. Exports of livestock products, especially wool, meat, and hides, supply the country with most of the foreign exchange needed to maintain its relatively high standard of living. In recent years, however, returns from the livestock industry have been trending downward. Restrictive government controls on slaughter of animals and exports of products, plus government subsidies on wheat production, caused a shift from livestock to crops. Exports of livestock products dropped sharply, and businesses dependent on export trade suffered. This situation, combined with serious labor problems, forced several large export meat packing plants out of business.

Exports. During 1951-55, meat exports averaged about 62,000 metric tons a year, but by 1958 they had fallen to 25,000 tons. In 1959, a new government attempted to help solve the problems of livestock exporters. It freed domestic livestock markets of many restrictive controls, and encouraged foreign trade by a new "free trade" law put into effect at the end of the year. These developments resulted in a sharp rise in marketings of livestock products. In 1959, exports went up to 35,000 tons and during the first part of 1960 they recovered even more strongly, climbing to new record levels. Shipments of beef and veal, for example, were higher during the first 5 months of 1960 than total exports for any year in the last decade.

West Germany buys the largest quantity of frozen beef—approximately 15 million pounds in 1959. Spain, Czechoslovakia, Belgium, Italy, and the United Kingdom are also important buyers. The United Kingdom takes all the chilled beef, and the United States is the main market for

canned beef, taking 11 million pounds in 1959. The United States also took all of Uruguay's preserved meat exports last year, but these shipments have since been embargoed because of foot-and-mouth disease in Uruguay. Greece, Czechoslovakia, and the United Kingdom buy practically all of Uruguay's frozen lamb and mutton.

Problems. Although the rise in exports is heartening, Uruguay's livestock industry still has many unsolved problems. The most serious technical problem is the relatively poor quality of many pastures. Ineffective control of animal diseases and parasites is another significant problem limiting productivity. These conditions must be alleviated at the same time feeding practices are improved in order to insure uniform livestock development.

Few natural pastures have reached their potential, and the use of improved pastures is rare. As a result, livestock nutritional levels are low, and this in turn causes many other problems. For example, the carrying capacity in number of head per acre and productivity of meat and wool per head are low. Only about 73 pounds of beef was produced per head of cattle on farms in 1955-59. This was about half the 159 pounds produced per animal in the United States during this same period, and well below the 116 pounds produced in nearby Argentina.

Further, the marketing age of steers averages more than 4 years, compared with an average in the United States of about 2 years. The additional time needed to finish steers for market is a definite loss to Uruguay, both in total production and the tieup of producers' capital for a longer period of time.

Also, Uruguayan animals grade low by U.S. standards. The best-quality steers slaughtered for export probably would not grade higher than "commercial" or "low good" in the United States. Uruguay's major markets in Europe—particularly Italy and Ger-

many—prefer this type of thin beef to the more highly finished cattle that the people of the United States demand. Finally, ewes or cows on Uruguayan ranches have a low fertility rate and are often not in good enough condition after a hard winter to produce or raise strong healthy offspring. Because of this Uruguayan ranchers often wait several years longer than those of the United States before breeding female stock, further increasing the amount of capital tied up in nonproductive livestock.

Improvement Program. The Uruguayan Government has long been aware of these problems. In 1950, a joint mission of the World Bank and the Food and Agricultural Organization of the United Nations made a survey of the Uruguayan livestock situation, which resulted in recommendations for a program to improve and increase livestock production. A special Uruguayan Government Commission applied for a loan to help finance such a program in 1952. But political and technical problems hindered the project until 1959 when formal negotiations were instituted between the World Bank and the Uruguayan Republic.

Since the loan's approval, the program has gained momentum. A pilot group of 600 farms with a combined area of 1.5 million acres has been selected to receive technical and financial assistance and an additional 200 farms will receive technical aid only. On the pilot farms, improved seed and fertilizer will be used to upgrade pastures, farms will be subdivided by additional fencing to allow grasses to be rotated, and more water points will be provided.

The ultimate benefit of these programs will depend to some extent on incorporating demonstrations of practical disease and parasite control. However, it is quite apparent that many of the widespread infectious diseases—foot-and-mouth disease, for example—can only be controlled through stringent far-reaching programs. Since these are long-term projects not yet under way, diseases of this type will continue to adversely influence efficient livestock production for a considerable number of years.

To insure that the borrowed money is used to the best possible advantage, the government and the United Nations have provided agricultural specialists to analyse and carefully screen the requests of farmer borrowers, and to supervise individual projects and give technical advice. Individual loans, to be amortized over a period of 10 years, may be withdrawn at any time and payment demanded if the Commission directing the program is advised by the technical experts that the farmers are not following advised methods.

The 600 pilot farms are well scattered throughout the country and, if successful, should have a demonstrational value far beyond their own increased productivity. Also, by careful supervision of each farm, the leaders feel that losses, if any, will be held to a minimum and at the end of the loan period, earnings should be sufficient to cover the cost of the livestock improvement program.

Soviet Water Resources

(Continued from page 14)

course, that complete reclamation of pastureland with an adequate supply of drinking water would allow a substantial increase in cattle numbers.

Thus it is obvious that the Soviets are not putting their water resources to the best use, that they are allowing vast amounts to flow into the sea and are handicapped in much of what they have tapped by lack of equipment and shortage of farm labor. Consequently, insufficient irrigation may prove an obstacle in the attainment of the Soviet goal of surpassing U.S. farm output in the next 5 years. True, they are counting on other means to help do the job, namely, mineral fertilizers (the output of which is to be trebled by 1965), mechanization, and more progressive farming methods. Yet without a "great leap forward" in both irrigation and soil amelioration, these other means of improving yields may not be adequate for the task.

Much of the material for this article was obtained from two Soviet publications: *Gidrotekhnika i Melioratsiya* (Hydraulic Engineering and Reclamation) Nos. 1 and 11, 1959; and *Khlapkovodstva* (Cotton-Growing), 1960.

Food-for-Peace

(Continued from page 5)

tary agencies, primarily church groups such as Lutheran World Relief, and certain private organizations such as CARE. (During the fiscal years 1950 through 1960, the United States donated 9.6 billion pounds of 14 different commodities to the voluntary agencies and international organizations for distribution to millions of needy persons in 119 countries.)

Procurement was primarily for military purposes from 1941 through 1945. In 1946, however, drought in Europe, Africa, the Far East, Argentina, and Australia put extraordinary demands on U.S. supplies of wheat and other foods. As the emergency deepened, the U.S. Government put into effect a number of marketing controls designed to maximize availability of wheat for export. Public support of voluntary conservation was secured through widely publicized appeals of a Famine Emergency Committee. This campaign and other measures enabled the United States to increase its wheat exports in the 1945-46 marketing year to almost 400 million bushels, as compared with a previous "commitment" to ship only 225 million. Exports of other foods also were stepped up.

Again, in 1947, poor crop weather and heavy demands on U.S. food and feed called for careful husbanding of supplies. A voluntary food and feed conservation program helped to assure meeting domestic and export needs.

Thus, in the period from July 1941 through June 3, 1949, close to 70 million metric tons of agricultural commodities were exported under government programs. The value of the shipments has been set by the Commodity Credit Corporation at \$13.4 billion.

1950-54. With economic recovery, Western Europe and Japan became cash-paying customers for U.S. farm products, rather than recipients of relief shipments. The outbreak of war in Korea in 1950 also stimulated commercial demand for U.S. farm products, and smaller quantities were available for relief use. The general slackening in the tempo of relief food shipments is indicated by the fact that the value of commodities shipped

for relief use dropped from \$1,335 million in 1949 to only \$324 million in 1952, a decline of 75 percent.

1954 to Present. The Agricultural Trade Development and Assistance Act of 1954, popularly called "Public Law 480," has become the foundation of Food-for-Peace activities. P.L. 480 authorizes these types of special government programs:

Sales of U.S. surplus farm products for foreign currencies.

Donations of surplus farm products to needy people abroad and grants of such supplies to foreign governments to meet extraordinary requirements.

Barter of U.S. agricultural surpluses for foreign-produced strategic and critical materials needed for stockpiling or government use. Some of the foods obtained through barter may be used for relief of the needy.

Long-term dollar credits to facilitate foreign buying of U.S. farm products.

Since 1954 about \$6 billion worth of farm products have been exported under the P.L. 480 authority. That is slightly over a fourth of the value of all U.S. agricultural exports during the period. The bulk of the commodities sold for foreign currencies has gone to less developed countries, many of which lack funds to buy adequately in the world market.

In 1954 donations rose sharply and have continued at high levels to date. Donations during fiscal years 1954 through 1960 were valued at about \$1.4 billion. There are two types of donations. One is to meet famine or other urgent or extraordinary relief requirements. This program is a responsibility of the International Cooperation Administration. The other type of donation is the distribution handled by such U.S. voluntary agencies as American Friends Service Committee, Hadassah, Lutheran World Relief, War Relief Service, National Catholic Welfare, and CARE, as well as by international agencies such as UNICEF. These agencies distribute food donated by the U.S. Department of Agriculture, and the stocks of food that they have on hand in various countries are readily available for use in meeting emergency needs resulting from drought and sudden disaster.



Argentina Lowers Beef Export Taxes

Argentina has reduced its export taxes on beef in an effort to stimulate lagging shipments. The revenue lost on this reduction will be recovered through an increased tax on sales of livestock, which is expected to cause retail beef prices to rise. The Argentine Government hopes to divert beef from the domestic market into export channels, thereby expanding foreign exchange earnings.

Colombia Buys Sheep From U.S.

A three-member team from Colombia recently bought 746 U.S. breeding sheep, the largest shipment of sheep to Colombia from the United States since 1946. Selections were made from five breeds in six States. They were railed to Florida and flown from there to Bogotá. Total expenditure was estimated at \$100,000.

Colombia does not produce enough wool for its own use and is now concentrating on developing its wool industry. Its goal is to attain self-sufficiency by 1967.

Nicaragua Imports More U.S. Brahmans

The Instituto de Fomento Nacional of Managua, Nicaragua, has bought 35 registered Brahman bulls and 265 grade Brahman heifers from the United States. The cattle, which were shipped from Florida, are to be used in a cattle development program inaugurated by the Instituto. Under this program, the Instituto is lending cattle to many small farmers, with each farmer receiving 30 heifers and 1 bull.

The Instituto, a semiautonomous agency for agricultural and industrial development in Nicaragua, expects to place about 1,000 heifers this year.

Philippines Rule Against Flour Duty

The Republic of the Philippines has rejected the petition of local flour millers to impose countervailing duties on imports of U.S. and Canadian flour. The millers had appealed to the Tariff Commission for protection against alleged harmful competition of subsidized flour imports.

The request is believed to have been denied for a number of reasons. First, it would raise prices of flour to consumers. Second, local millers had no basis for claiming protection on hardship grounds, since they were earning good returns. Also, local mills already were receiving government aid in the form of tax exemption; and finally, the existing flour import controls—through licensing—have been effective in limiting imports to the minimum necessary to supplement home production.

Japan Eases Controls On Hides and Skins

Japan has placed cattle hides and calf and kip skins on its Automatic Approval (AA) list. Under the AA system, imports are licensed without a value limit; the only limit is the total AA allocation. Earlier, cattle hides and calf and kip skins from dollar areas were subject to the Foreign Exchange Allocation (FA) system, which limited the quantity that could be imported.

Japan has consistently been the major market for U.S. cattle hides, but the U.S. share of the market dropped in 1959 partly because of the FA system. Japan's imports of U.S. calf and kip skins have been trending downward since 1955. With all these products now on the AA list, and with U.S. prices more competitive, the United States should regain a larger share of Japan's import market.

Malaya Federation Bans South African Products

The Federation of Malaya is prohibiting imports of all goods from South Africa until the area demonstrates a willingness to relax its apartheid policy. Malayan officials and various trade representatives have stated that even though the Federation's trade with South Africa has been in favor of Malaya, the ban will have little effect on the Federation; alternate sources can supply Malaya's needs. South Africa, however, may not be able to buy rubber from an alternate source at the same price. South Africa has been a low-cost supplier of canned fish, canned fruits and vegetables, and frozen poultry to the Malayan market.

Japanese Team Negotiates For Meat From Down Under

A Japanese meat-buying team visited Australia and New Zealand to buy beef, mutton, pork, and kangaroo meat for the domestic market, which is suffering from a shortage. In Australia, they negotiated for about 4.5 million pounds of meat a month to be exported to Japan. The first shipment—about 224,000 pounds of kangaroo meat—was sent while the team was still in Australia.

In New Zealand, the team was interested only in mutton. It expects that 1960 Japanese imports of New Zealand mutton will rise sharply to about 29 million pounds from the 6.7 million taken in 1959.

As a result of the Japanese team's activities, sizable quantities of boneless beef and mutton that would probably have come to the United States will now very likely go to Japan.

Spain Reduces Export Tax On Almonds and Filberts

Spain has lowered the export tax on almonds and filberts. The new rate of 3.7 cents a pound shelled and 2.0 cents in-shell replaces the previous rate of 5.6 cents shelled and 2.9 cents in-shell. Spanish almonds usually compete with U.S. almonds in the U.S. and European markets. Spanish filberts, on the other hand, do not normally compete with U.S. filberts.

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PRINCIPAL AGRICULTURAL EXPORTS OF SOUTH AFRICA, 1958

	Value Mil. dol.	Percentage shipped to—			
		Common Market Percent	United Kingdom Percent	Other EFTA countries Percent	All other countries Percent
Wool ¹	119.0	41	24	3	32
Corn ²	57.4	38	48	0	14
Citrus fruit	30.9	25	56	10	9
Deciduous fruit (raw)	21.4	4	76	5	15
Dried fruit	2.6	2	66	4	28
Peanuts and peanut oil and products	9.2	14	27	0	59
Tobacco and products	1.0	58	16	0	26
Sugar	20.6	0	65	0	35

¹ Including karakul.

² Including mealie meal.

See story on page 10.